



**How To Become A  
Participating Employer  
Under the  
Wisconsin Public Employers'  
Group Income Continuation  
Insurance Program**

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**Wisconsin Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931**

# INCOME CONTINUATION INSURANCE

## GENERAL INFORMATION

The information in this booklet supplements the information contained in the *Wisconsin Public Employers' Income Continuation Insurance*, brochure (ET-2129).

The Income Continuation Insurance (ICI) plan became available to state employees in 1972 and to local government employees in 1987. This plan provides replacement income during a period of disability.

## EMPLOYER ELIGIBILITY

Public employers included under the Wisconsin Retirement System (WRS) are eligible to cover their employees under the Income Continuation Insurance plan.

## EMPLOYEE ELIGIBILITY

Employees who are under age 70 and who have been participating in the WRS for at least six calendar months, not including periods of absence without pay, are eligible to participate in the Income Continuation Insurance plan.

### Employer Cannot Limit Employee Participation

The Income Continuation Insurance plan may not be limited to a particular department, a classification of employees, special interest groups, or union contract groups. When a resolution is adopted by the governing body to participate in the ICI plan described in this booklet, all eligible employees must be offered coverage. However, an employer may request a temporary waiver for delayed effective dates if the timing of collective bargaining requires a different initial effective date for one or more bargaining units. See "HOW TO JOIN" on page 7.

## BENEFITS PAYABLE

ICI will replace a substantial portion of income in the event of disability—75% of gross WRS earnings. The plan provides replacement income for disabilities which are considered short term in nature as well as those which may last for extended periods. Depending on the participant's age at the time disability commences, the plan may continue disability payments to at least age 65, and in some cases, to age 70.

The amount of benefit payable is based on the participant's average monthly earnings as reported to the Wisconsin Retirement System in the previous calendar year, rounded to the next higher thousand. Participants with less than a full year's earnings in the previous calendar year will have the salary amount projected. Newly hired employees who elect to participate will have monthly salary projected from current earnings. Benefits will be based on 75% of gross WRS earnings, with a maximum monthly benefit of \$4,000.

Benefits under the plan will not duplicate benefits available from state or federal programs such as the Wisconsin Retirement System, Long-Term Disability Insurance, Social Security, Worker's Compensation, unemployment, etc., but rather will supplement these programs so as to provide a specified level of disability income.

## **PARTICIPANT COST**

Participant cost is based on the previous year's average monthly earnings and the selected elimination period of 30, 60, 90, 120 or 180 calendar days. The elimination period is the minimum number of consecutive calendar days which must elapse between the date of disability and the beginning of benefit payments. The premium is reevaluated annually in March based on the previous year's earnings.

## **EMPLOYER COST**

Employer cost is based on a percentage of the employee's average monthly earnings in the previous year and the elimination period selected. The minimum amount which must be paid by the employer is .25% of the average monthly earnings. This represents the full cost for the 180 calendar day elimination period. The employer is not required to contribute the same percentage of premium for all participants and may vary the contribution on the basis of classification of employees or union contract groups.

The following table shows the employer and participant premium rates for the elimination period selected:

Calendar Day Elimination Period	Monthly Premium As a % of Average Monthly Earnings		
	TOTAL	EMPLOYER	PARTICIPANT
30	1.00%	.25%	.75%
60	.775%	.25%	.525%
90	.625%	.25%	.375%
120	.475%	.25%	.225%
180	.25%	.25%	.0%

The following table reflects the minimum monthly employer contribution (.25% of the average monthly earnings):

Minimum Employer Contribution Effective March 1, 2003		
WRS Earnings in the Previous Calendar Year	Equivalent Average Monthly Earnings	Employer .25% Contribution
0.00 - 5,000.00	416.67	1.04
5,000.01 - 6,000.00	500.00	1.25
6,000.01 - 7,000.00	583.33	1.46
7,000.01 - 8,000.00	666.67	1.67
8,000.01 - 9,000.00	750.00	1.88
9,000.01 - 10,000.00	833.33	2.08
10,000.01 - 11,000.00	916.67	2.29
11,000.01 - 12,000.00	1,000.00	2.50
12,000.01 - 13,000.00	1,083.33	2.71

Minimum Employer Contribution Effective March 1, 2003		
WRS Earnings in the Previous Calendar Year	Equivalent Average Monthly Earnings	Employer .25% Contribution
13,000.01 - 14,000.00	1,166.67	2.92
14,000.01 - 15,000.00	1,250.00	3.13
15,000.01 - 16,000.00	1,333.33	3.33
16,000.01 - 17,000.00	1,416.67	3.54
17,000.01 - 18,000.00	1,500.00	3.75
18,000.01 - 19,000.00	1,583.33	3.96
19,000.01 - 20,000.00	1,666.67	4.17
20,000.01 - 21,000.00	1,750.00	4.38
21,000.01 - 22,000.00	1,833.33	4.58
22,000.01 - 23,000.00	1,916.67	4.79
23,000.01 - 24,000.00	2,000.00	5.00
24,000.01 - 25,000.00	2,083.33	5.21
25,000.01 - 26,000.00	2,166.67	5.42
26,000.01 - 27,000.00	2,250.00	5.63
27,000.01 - 28,000.00	2,333.33	5.83
28,000.01 - 29,000.00	2,416.67	6.04
29,000.01 - 30,000.00	2,500.00	6.25
30,000.01 - 31,000.00	2,583.33	6.46
31,000.01 - 32,000.00	2,666.67	6.67
32,000.01 - 33,000.00	2,750.00	6.88
33,000.01 - 34,000.00	2,833.33	7.08
34,000.01 - 35,000.00	2,916.67	7.29
35,000.01 - 36,000.00	3,000.00	7.50
36,000.01 - 37,000.00	3,083.33	7.71
37,000.01 - 38,000.00	3,166.67	7.92
38,000.01 - 39,000.00	3,250.00	8.13
39,000.01 - 40,000.00	3,333.33	8.33
40,000.01 - 41,000.00	3,416.67	8.54
41,000.01 - 42,000.00	3,500.00	8.75
42,000.01 - 43,000.00	3,583.33	8.96
43,000.01 - 44,000.00	3,666.67	9.17
44,000.01 - 45,000.00	3,750.00	9.38
45,000.01 - 46,000.00	3,833.33	9.58
46,000.01 - 47,000.00	3,916.67	9.79
47,000.01 - 48,000.00	4,000.00	10.00
48,000.01 - 49,000.00	4,083.33	10.21
49,000.01 - 50,000.00	4,166.67	10.42
50,000.01 - 51,000.00	4,250.00	10.63
51,000.01 - 52,000.00	4,333.33	10.83
52,000.01 - 53,000.00	4,416.67	11.04
53,000.01 - 54,000.00	4,500.00	11.25
54,000.01 - 55,000.00	4,583.33	11.46
55,000.01 - 56,000.00	4,666.67	11.67
56,000.01 - 57,000.00	4,750.00	11.88
57,000.01 - 58,000.00	4,833.33	12.08
58,000.01 - 59,000.00	4,916.67	12.29
59,000.01 - 60,000.00	5,000.00	12.50
60,000.01 - 61,000.00	5,083.33	12.71
61,000.01 - 62,000.00	5,166.67	12.92
62,000.01 - 63,000.00	5,250.00	13.13
63,000.01 - and up	5,333.33	13.33

The following table reflects the monthly employee contribution:

Monthly Premium Rates – Employee Contributions Effective March 1, 2003						
WRS Earnings in the Previous Calendar Year	Equivalent Average Monthly Earnings	30 Days	60 Days	90 Days	120 Days	180 Days
0.00 - 5,000.00	416.67	3.13	2.19	1.56	0.94	0.00
5,000.01 - 6,000.00	500.00	3.75	2.63	1.88	1.13	0.00
6,000.01 - 7,000.00	583.33	4.37	3.06	2.19	1.31	0.00
7,000.01 - 8,000.00	666.67	5.00	3.50	2.50	1.50	0.00
8,000.01 - 9,000.00	750.00	5.63	3.94	2.81	1.69	0.00
9,000.01 - 10,000.00	833.33	6.25	4.37	3.12	1.87	0.00
10,000.01 - 11,000.00	916.67	6.88	4.81	3.44	2.06	0.00
11,000.01 - 12,000.00	1,000.00	7.50	5.25	3.75	2.25	0.00
12,000.01 - 13,000.00	1,083.33	8.12	5.69	4.06	2.44	0.00
13,000.01 - 14,000.00	1,166.67	8.75	6.13	4.38	2.63	0.00
14,000.01 - 15,000.00	1,250.00	9.38	6.56	4.69	2.81	0.00
15,000.01 - 16,000.00	1,333.33	10.00	7.00	5.00	3.00	0.00
16,000.01 - 17,000.00	1,416.67	10.63	7.44	5.31	3.19	0.00
17,000.01 - 18,000.00	1,500.00	11.25	7.88	5.63	3.38	0.00
18,000.01 - 19,000.00	1,583.33	11.87	8.31	5.94	3.56	0.00
19,000.01 - 20,000.00	1,666.67	12.50	8.75	6.25	3.75	0.00
20,000.01 - 21,000.00	1,750.00	13.13	9.19	6.56	3.94	0.00
21,000.01 - 22,000.00	1,833.33	13.75	9.62	6.87	4.12	0.00
22,000.01 - 23,000.00	1,916.67	14.38	10.06	7.19	4.31	0.00
23,000.01 - 24,000.00	2,000.00	15.00	10.50	7.50	4.50	0.00
24,000.01 - 25,000.00	2,083.33	15.62	10.94	7.81	4.69	0.00
25,000.01 - 26,000.00	2,166.67	16.25	11.38	8.13	4.88	0.00
26,000.01 - 27,000.00	2,250.00	16.88	11.81	8.44	5.06	0.00
27,000.01 - 28,000.00	2,333.33	17.50	12.25	8.75	5.25	0.00
28,000.01 - 29,000.00	2,416.67	18.13	12.69	9.06	5.44	0.00
29,000.01 - 30,000.00	2,500.00	18.75	13.13	9.38	5.63	0.00
30,000.01 - 31,000.00	2,583.33	19.37	13.56	9.69	5.81	0.00
31,000.01 - 32,000.00	2,666.67	20.00	14.00	10.00	6.00	0.00
32,000.01 - 33,000.00	2,750.00	20.63	14.44	10.31	6.19	0.00
33,000.01 - 34,000.00	2,833.33	21.25	14.87	10.62	6.37	0.00
34,000.01 - 35,000.00	2,916.67	21.88	15.31	10.94	6.56	0.00
35,000.01 - 36,000.00	3,000.00	22.50	15.75	11.25	6.75	0.00
36,000.01 - 37,000.00	3,083.33	23.12	16.19	11.56	6.94	0.00
37,000.01 - 38,000.00	3,166.67	23.75	16.63	11.88	7.13	0.00
38,000.01 - 39,000.00	3,250.00	24.38	17.06	12.19	7.31	0.00
39,000.01 - 40,000.00	3,333.33	25.00	17.50	12.50	7.50	0.00
40,000.01 - 41,000.00	3,416.67	25.63	17.94	12.81	7.69	0.00
41,000.01 - 42,000.00	3,500.00	26.25	18.38	13.13	7.88	0.00
42,000.01 - 43,000.00	3,583.33	26.87	18.81	13.44	8.06	0.00
43,000.01 - 44,000.00	3,666.67	27.50	19.25	13.75	8.25	0.00
44,000.01 - 45,000.00	3,750.00	28.13	19.69	14.06	8.44	0.00
45,000.01 - 46,000.00	3,833.33	28.75	20.12	14.37	8.62	0.00
46,000.01 - 47,000.00	3,916.67	29.38	20.56	14.69	8.81	0.00
47,000.01 - 48,000.00	4,000.00	30.00	21.00	15.00	9.00	0.00
48,000.01 - 49,000.00	4,083.33	30.62	21.44	15.31	9.19	0.00
49,000.01 - 50,000.00	4,166.67	31.25	21.88	15.63	9.38	0.00
50,000.01 - 51,000.00	4,250.00	31.88	22.31	15.94	9.56	0.00
51,000.01 - 52,000.00	4,333.33	32.50	22.75	16.25	9.75	0.00
52,000.01 - 53,000.00	4,416.67	33.13	23.19	16.56	9.94	0.00
53,000.01 - 54,000.00	4,500.00	33.75	23.63	16.88	10.13	0.00

Monthly Premium Rates – Employee Contributions Effective March 1, 2003						
WRS Earnings in the Previous Calendar Year	Equivalent Average Monthly Earnings	30 Days	60 Days	90 Days	120 Days	180 Days
54,000.01 - 55,000.00	4,583.33	34.37	24.06	17.19	10.31	0.00
55,000.01 - 56,000.00	4,666.67	35.00	24.50	17.50	10.50	0.00
56,000.01 - 57,000.00	4,750.00	35.63	24.94	17.81	10.69	0.00
57,000.01 - 58,000.00	4,833.33	36.25	25.37	18.12	10.87	0.00
58,000.01 - 59,000.00	4,916.67	36.88	25.81	18.44	11.06	0.00
59,000.01 - 60,000.00	5,000.00	37.50	26.25	18.75	11.25	0.00
60,000.01 - 61,000.00	5,083.33	38.12	26.69	19.06	11.44	0.00
61,000.01 - 62,000.00	5,166.67	38.75	27.13	19.38	11.63	0.00
62,000.01 - 63,000.00	5,250.00	39.38	27.56	19.69	11.81	0.00
63,000.01 - and up	5,333.33	40.00	28.00	20.00	12.00	0.00

### Example of Premium Calculation

Previous year's earnings as reported to WRS is \$22,100; rounded to \$23,000. Participant selects optional 90 calendar day elimination period.

The monthly premium calculation is:

$$\begin{array}{r}
 \$23,000.00 \\
 \div 12 \quad (\text{months}) \\
 \hline
 \$ 1,916.67 \\
 \times .0025 \\
 \hline
 \$ 4.79 \quad (\text{employer share})
 \end{array}$$

Since the participant chose the 90 calendar day elimination period, the employee cost would be \$7.19 per month, for a total premium of \$11.98.

### **ELIMINATION PERIOD**

Each participant has the right to select the elimination period of his or her choice. This may increase the amount of the participant's cost. For example, the employer may pay the full cost for the 90 calendar day elimination period. The participant may select the 30 calendar day elimination period and would contribute .75% of his or her average monthly earnings toward the premium.

After coverage becomes effective, the employer or employee may select a shorter or longer elimination period, however, evidence of insurability which is satisfactory to the administrator must be submitted before the shorter elimination period will take effect. The costs associated with providing evidence of insurability will be the responsibility of the applicant.

### **TAXABLE BENEFITS**

As the percentage of the total premium paid by the employer increases, there is a corresponding increase in the percentage of the disability benefit which is considered taxable income to the employee.

Social Security regulations provide that any income received from a sickness or disability plan during the first six months of a disability is subject to withholding for Social Security contributions if the employer has paid a portion of the premiums. The percent of the benefit that is subject to Social Security contributions is equal to the percent of the gross premium paid by the employer.

## **DISABILITY DEFINITIONS**

An employee must be insured at the time the disability commences in order to qualify for benefits. Employees who are totally disabled become eligible for benefits after serving the selected elimination period. The employee does not have to be confined to home, hospital or other care institution during the disability.

During the first 12 months of disability (short term disability), "totally disabled" means the employee's inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to perform all of the essential duties of his or her occupation.

After the first 12 months (long term disability), "totally disabled" means the employee's complete inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to engage in any substantial gainful activity for which the employee is reasonably qualified with due regard to the employee's education, training, and experience. An activity is considered a substantial gainful activity if the earnings from that activity would be at least equal to the gross Income Continuation Insurance benefit for the same period of time.

Objective medical evidence means test results such as blood tests, MRI, CAT scan, X-rays, etc. and physician's notes of regular visits recording the physician's observations of disabling symptoms and conditions. The physician's opinion may rely in part on records of care provided by other medical professionals under the supervision of a physician, including but not limited to nurse practitioners, physician's assistants, midwives, psychologists and psychotherapists (Masters of Science, Social Work).

To be eligible for an ICI benefit, an employee must be under the regular care and attendance of a licensed medical doctor, doctor of osteopathy, or surgeon licensed to practice by a state within the United States of America. A licensed physician does not include the employee. However, a physician does not include such other licensed medical professionals, such as a podiatrist, dentist, nurse practitioner, physician's assistant or psychologist who is acting within the lawful scope of his or her license and performs a service which is supervised by a licensed medical doctor, doctor of osteopathy or surgeon (note that this last provision is not required for a D.P.M. or D.D.S.

Regular care and attendance means a planned program of observation and treatment requiring the personal attendance of the employee by a physician, which once initiated, is continued in accordance with existing standards of medical practice for the condition or conditions rendering the employee sick or injured.

## **DURATION OF BENEFITS**

Short term disability benefits are payable during the 12-month period subsequent to the date the disability begins.

Long term disability benefits begin after that 12-month period.

Benefits are payable to age 65 for employees age 61 or younger at the time the disability begins. Employees whose disability begins at age 62 or later are eligible for payment beyond age 65, but not beyond the 70th birthday.

Premiums will be waived for a totally disabled claimant from the beginning of the month on or after the date Income Continuation Insurance benefits become payable. The waiver of premiums will continue through the last day of the month in which Income Continuation Insurance benefits end.

ICI benefits are paid only on a monthly basis.

## REHABILITATIVE TRAINING

Rehabilitative training may be approved for employees who can no longer perform their previous occupations, but with proper training could perform other gainful activities. Expenses associated with an approved rehabilitation program are paid by the insurance program in addition to regular benefits. Income Continuation Insurance benefits are reduced by an amount equal to 75% of the gross earnings that a disabled employee receives from rehabilitative training and by 100% of any paid sick leave.

## HOW TO JOIN

Public employers included under the Wisconsin Retirement System are eligible to cover their employees under the ICI program. Sample and blank resolution forms are included in this booklet for your convenience.

Action to adopt a resolution must be taken by one of the following governing bodies:

<u>Public Employer</u>	<u>Corresponding Governing Body</u>
County	County Board
City	City Council
Village	Village Board
School District	School Board
Other Political Subdivision	Governing Body

Coverage will be effective on the first of the month on or after 90 days following receipt of the certified resolution by the Department of Employee Trust Funds. At its option, an employer may specify in the resolution a later effective date, providing such effective date falls on the first day of a later month.

Mail the resolution to:

Department of Employee Trust Funds  
Division of Employer Services  
P.O. Box 7931  
Madison, WI 53707-7931

After the resolution is filed, there will be an enrollment period. During this period **all** eligible employees who are actively employed and not on leave can elect to be enrolled. At least 65% of the eligible employees must elect to participate or the resolution becomes void.

An employer may request a temporary waiver allowing a delayed enrollment period and effective date of one or more collective bargaining units if it is required due to the timing of collective bargaining. The temporary waiver may be requested from the Department of Employee Trust Funds. All of the following provisions must be met:

1. the employer still must meet the 65% participation requirement,
2. the Board's actuary must approve each waiver to avoid adverse action on the program, and



3. the waiver is temporary (usually one year).

If an eligible employee does not elect to participate in the ICI program during the initial enrollment period, or during an enrollment period allowed as a result of a waiver due to the timing of collective bargaining, he or she may obtain coverage later by providing the plan administrator with satisfactory evidence of insurability. All costs of securing the insurability evidence are at the employee's expense. If the application for coverage is denied, a new application will not be considered until one calendar year has elapsed from the date of denial.

The Department of Employee Trust Funds has contracted with an administrative services organization to adjudicate claims for ICI and issue benefit checks.

### **TERMINATION OF PARTICIPATION**

Since the ICI program is optional with each participating employer, the Group Insurance Board permits an employer to withdraw from the program at the end of any calendar year, provided there has been participation for a minimum of twelve (12) months. A rescinding resolution must be received by the Department of Employee Trust Funds by the preceding October 1 for program termination at year's end.

If participation in the program falls below the required 65%, the Board may terminate the employer's participation. In such a case, the employer will be notified by October 1 that termination will be effective at the end of that calendar year.

### **MORE INFORMATION**

If you have any questions not covered in this booklet or the employee booklet, you may obtain additional information by contacting:

Department of Employee Trust Funds  
Division of Employer Services  
P.O. Box 7931  
Madison, WI 53707-7931  
(608) 264-7900

## SAMPLE RESOLUTION

Wisconsin Department of Employee Trust Funds

### A RESOLUTION FOR INCLUSION UNDER THE INCOME CONTINUATION INSURANCE PLAN

RESOLVED, by the School Board of the  
(Governing Body)  
School District of Learning  
(Employer Legal Name)

that pursuant to the provisions of Section 40.61 of the Wisconsin Statutes,

The School Board hereby determines to offer the Income Continuation Insurance Plan  
(Governing Body)

to eligible personnel through the program of the State of Wisconsin Group Insurance Board, and agrees to abide by the terms of the plan as set forth in the contract between the Group Insurance Board and the Administrator.

The resolution shall be effective on the later of the 1<sup>st</sup> of the month on or after 90 days following its receipt at the Department of Employee Trust Funds, or

\_\_\_\_\_; and  
(specify a later effective date, 1<sup>st</sup> of month only)

The proper officers are herewith authorized and directed to take all actions and make salary deductions for premiums and submit payments required by the State of Wisconsin Group Insurance Board to provide such Income Continuation Insurance.

### CERTIFICATION

I hereby certify that the foregoing resolution is a true, correct and complete copy of the resolution duly and regularly passed by the above governing body on the 22<sup>nd</sup> day of June, 2001 and that said resolution has not been repealed or amended, and is now in full force and effect.

Dated this 22nd day of June, 2001.

Pete Porter District Administrator  
Employer Representative Title

123 Elementary Avenue

Learning, WI 12345  
Mailing Address

Number of eligible employees 25 69-036-9999-000  
ETF Employer Identification Number

Wisconsin Department of Employee Trust Funds

A RESOLUTION FOR INCLUSION UNDER THE  
INCOME CONTINUATION INSURANCE PLAN

RESOLVED, by the \_\_\_\_\_ of the  
(Governing Body)  
\_\_\_\_\_ of \_\_\_\_\_  
(Employer Legal Name)

that pursuant to the provisions of Section 40.61 of the Wisconsin Statutes,

\_\_\_\_\_ hereby determines to offer the Income Continuation Insurance Plan  
(Governing Body)

to eligible personnel through the program of the State of Wisconsin Group Insurance Board, and agrees to abide by the terms of the plan as set forth in the contract between the Group Insurance Board and the Administrator.

The resolution shall be effective on the later of the 1<sup>st</sup> of the month on or after 90 days following its receipt at the Department of Employee Trust Funds, or

\_\_\_\_\_ ; and  
(specify a later effective date, 1<sup>st</sup> of month only)

The proper officers are herewith authorized and directed to take all actions and make salary deductions for premiums and submit payments required by the State of Wisconsin Group Insurance Board to provide such Income Continuation Insurance.

CERTIFICATION

I hereby certify that the foregoing resolution is a true, correct and complete copy of the resolution duly and regularly passed by the above governing body on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and that said resolution has not been repealed or amended, and is now in full force and effect.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Employer Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Mailing Address

Number of eligible employees \_\_\_\_\_

69-036-\_\_\_\_\_  
ETF Employer Identification Number